

Internal Revenue Service
District Director

Department of the Treasury

[REDACTED]
Date: **APR - 8 1993**

Person to Contact:
[REDACTED]

Contact Telephone Number:
[REDACTED]

Refer Reply to:
[REDACTED]

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that you were incorporated on [REDACTED] in [REDACTED].

The purposes for which the corporation was formed are as follow:

To function as a [REDACTED] users association in [REDACTED] and as such to share information and resources related to the [REDACTED] family of telephone systems and ancillary products or services and to that end to provide a forum in which to resolve service and equipment issues common to [REDACTED] users and to request updates from vendors on new product features and services to enable [REDACTED] users to maintain their telephone equipment at current technological levels.

The information submitted with your 1024 application indicates that your primary activity is to share information and resources related to the [REDACTED] family of telephone systems and ancillary products and services through monthly meetings, annual conferences and publications. The [REDACTED] family of telephone systems is a line of phones manufactured and sold by [REDACTED].

The organization's sources of financial support consists of membership dues, vendor registration fees for trade shows at its annual conferences, and user registration fees for attendance at its annual conferences. The expenses are for meetings and annual conference costs.

Section 501(c)(6) of the Code provides for the exemption from Federal income tax of business leagues not organized for profit, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 58-294, 1958-1 C.B. 244 an association was organized and operated for the purpose of promoting uniform business, advertising and fair trade practices in connection with the manufacture and sale of a certain patented product. Membership in the association was limited to any person, firm, or corporation licensed to manufacture and sell the specified product. It was held that since the association was engaged in furthering the business interests of the dealers in the particular patented product, rather than the improvement of business conditions of one or more lines of business, it does not qualify for exemption from Federal income tax as a business league under section 501(c)(6) of the Code.

In Revenue Ruling 68-182, 1968-1 C.B. 263 it is held that organizations promoting a single brand or product within a line of business do not qualify for exemption from Federal income tax under section 501(c)(6) of the Code.

Revenue Ruling 83-164, 1983-2 C.B. 95 states that an organization whose members represent diversified businesses that own, rent, or lease computers produced by a single computer manufacturer does not qualify for exemption from federal income tax as a business league under section 501(c)(6) of the Internal Revenue Code.

Revenue Ruling 74-147, 1974-1 C.B. 136 states that a nonprofit organization, whose members represent diversified businesses that own, rent, or lease digital computer produced by various manufacturers, organized to improve the efficiency of its members use of computers, qualifies for exemption under section 501(c)(6) of the Internal Revenue Code.

Your organization is unlike the organization described in Revenue Ruling 74-147 which was formed to improve the efficiency of the computer industry as a whole.

However, your organization is like the organizations described in Revenue Rulings 58-294, 68-182 and 83-164 in that you are enhancing the products and services of [REDACTED]. In addition, you are promoting a single product.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the Code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may request a Conference with the Regional Director of Appeals by protesting in accordance with the enclosed instructions within 30 days.

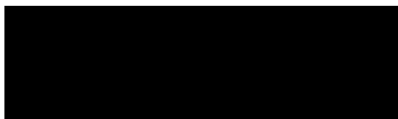
Protests submitted which do not contain all the documentation stated in the instructions will be returned for completion.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

A large black rectangular redaction box covering the signature and name of the official.

cc:

A black rectangular redaction box covering the list of carbon copies.

Enclosure: Publication 892